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5 February 1966

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CENTRAL INTELLIGENCE BULLETIN

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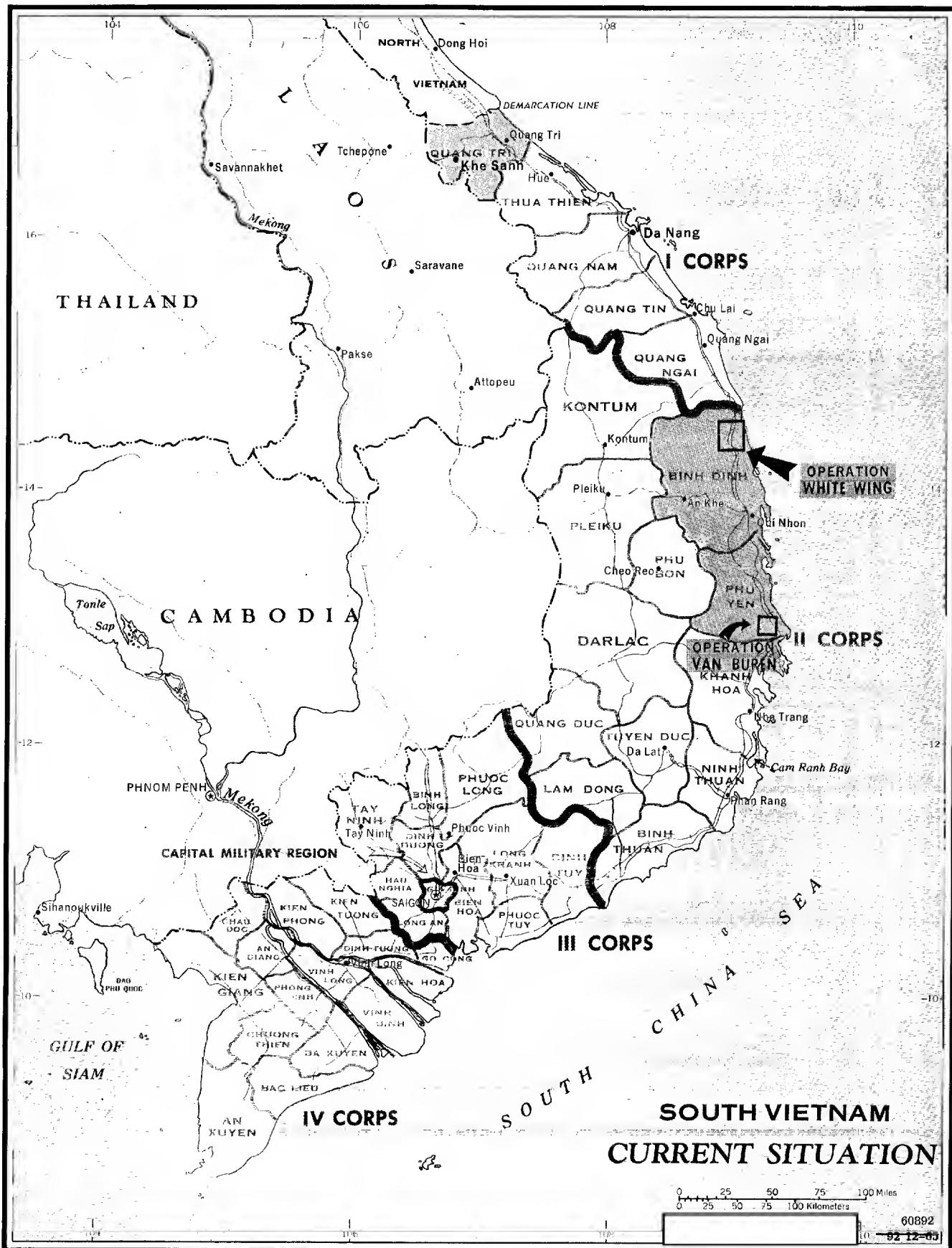
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*Vietnam: (Information as of 4:30 AM EST)

The Military Situation in South Vietnam: There were no significant developments reported in the large allied search-and-destroy operation--now designated WHITE WING--continuing in northeastern Binh Dinh Province. Cumulative enemy losses during the past ten days total 732 killed and 156 captured. Allied casualties are 140 killed (83 US) and 503 wounded (312 US).

On 2 February, Communist forces directed about eight rounds of 120-mm. mortar fire on South Vietnamese troops participating in the operation. This type of weapon was used previously by enemy forces against the Khe Sanh Special Forces camp in Quang Tri Province on 4-5 January and against installations in the Da Nang area on 25 January.

US forces taking part in Operation VAN BUREN, which has been providing security for the harvesting of rice in Phu Yen Province, engaged a Viet Cong platoon yesterday, killing 21 and capturing five weapons. Numerous other similar actions in this operation during the past two weeks have resulted in more than 400 Viet Cong killed, and in allied casualties of 50 killed (12 US) and 157 wounded (68 US). More than 9,200 metric tons of rice have been harvested and secured to date.

North Vietnamese Military Developments: A North Vietnamese MIG-17 Fresco jet fighter on 3 February made an unsuccessful attempt to shoot down a US Marine F-4B Phantom which was escorting an ELINT aircraft over North Vietnam. The F-4B had first sighted the MIG-17 west of Thanh Hoa and pursued it but broke off when nearing the Hanoi restricted zone. The MIG then turned and made an unsuccessful firing pass on the US aircraft. North Vietnamese jet fighters have



infrequently attacked US aircraft and then usually when it was clear that the MIGs had the advantage. There is no current indication that the North Vietnamese Air Force will be committed to a more aggressive role than before.

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[Political Developments in North Vietnam: The Soviet ambassador to North Vietnam [redacted] is "dismayed" by a recent hardening in the attitude of North Vietnamese leaders on the war.]

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[redacted] the long existent split between North Vietnamese leaders over whether to follow a hard or soft line on the war no longer exists and that all are more or less agreed now on the hard line.]

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[redacted] the attitude of the North Vietnamese leaders sobered Soviet Presidium member Shelepin during his January visit to Hanoi.]

[The Russians clearly remain determined to avoid taking any initiative with respect to Vietnam that does not have the endorsement of Hanoi, and they apparently see no immediate prospect of new flexibility in Hanoi's stand on the war.]

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[redacted] the Soviet leaders' continuing view that their room for maneuver on the Vietnamese question is strictly limited.]

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[redacted] In a similar vein, Soviet diplomats at the UN are adopting a strict "hands off" posture with regard to Security Council action on Vietnam. The Soviets have declared their opposition to any further debate as well as any resolution presented to the Security Council, and have even avoided informal consultations with other delegates.]

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UK-Zambia-Rhodesia: [London now seems hopeful of postponing Zambia's break with Rhodesia beyond the date of 15 February earlier agreed to by Prime Minister Wilson and President Kaunda.]

[According to Foreign Office spokesmen, the British tactic will be to present Kaunda with the hard facts of Zambia's economic vulnerability, and hope he will suggest postponement until the Zambian "rescue operation" has progressed further.]

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[Kaunda, who up to mid-January had been eager for an early imposition of sanctions, recently has taken a more cautious line and has seemed concerned to ensure that Zambia's economy could survive the break. It remains to be seen, however, whether he can resist pressure from other Zambian officials to hold London to the agreed timetable.]

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Dominican Republic: [The proposed solution to the present civil-military crisis contains many potential complications.]

[Minister of Defense Rivera has agreed to a formula whereby he will depart if the other service chiefs stay and if he obtains other concessions. Rivera's major demand is the dismantling of the rebel military camp on the outskirts of Santo Domingo.]

[President Garcia Godoy has said that he and Rivera have discussed a possible solution that would "theoretically" integrate the rebel military into the armed services. The rebels would then go on leave with pay for five months. Thus, the emotion-charged problem of actual integration would be left to a new and probably very weak elected government.]

[Garcia Godoy appears unwilling to guarantee under all circumstances that if Rivera leaves no other command changes will be made before elections. In fact, the provisional President is very reluctant to limit the current command shift to Rivera and has not specifically committed himself to this course. He has indicated doubts that the defense minister's departure would solve what he sees as the basic problem--creating an attitude of impartiality on the part of the armed services during the election campaign.]

[It seems unlikely that Caamano, Bosch, and the rest of the "constitutionalist" camp will accept anything less than the implementation of Garcia Godoy's decree of 6 January calling for the overseas assignment of Rivera, two service chiefs, and a group of "trouble-making" officers. One of Bosch's conditions for running in the elections has been the removal of these military leaders.]

[As soon as word leaks out of the proposals under discussion, an outcry is probable. Caamano may see

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the failure to gain the departure of the service chiefs and the proposed disbanding of the rebel camp as a sellout by Garcia Godoy and advance it as a rationale for the return to the country of several of his exiled colleagues and perhaps for his own return.]

[At any rate there must be further negotiations between Rivera and Garcia Godoy, possibly in an atmosphere charged by leftist agitation, before the issue can be resolved.]

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Ecuador: The military high command is apparently considering replacing the present three-man military junta with a single executive.

General Marcos Gandara Enriquez, a member of the present junta, [redacted] is the military choice to become the sole head of government. Junta member General Luis Cabrera is said to be willing to step down, but the attitude of the other member, Admiral Castro Jijon, is unknown. Some members of the high command reportedly prefer an interim civilian president, which antijunta politicians have long demanded.

The installation of General Gandara as sole head of government would not in itself threaten political stability, at least in the short run. However, it would be interpreted by antijunta elements as a sign of weakness and encourage political and labor leaders to increase their attacks on the government as a military dictatorship.

Since 28 January small groups of students, led mostly by Communists, have continued to demonstrate sporadically against the government. The demonstrations were called originally under the pretext of protesting the anniversary of the signing of the Rio Protocol of 29 January 1942, but more recently have protested the arrest of student agitators and police violation of university autonomy. Communist student leaders plan to continue these tactics in order to wear down the police forces.

[redacted]
but the situation could become grave if labor and political elements were to ally themselves with the students. There is also the possibility that elements within the military will become exasperated with the junta's relatively patient attitude and insist upon stronger punitive measures or a complete change of government.

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USSR: Official but incomplete summaries of the USSR's economic performance in 1965 indicate that there was little improvement in the major indices compared to 1964.

Better-than-planned results in industry reversed the decline in the rate of industrial growth from the postwar low recorded in 1964. Last year's return to the rate of increase achieved in 1963 does not necessarily mean, however, that a new trend has begun that will result in the high rates characteristic of the late 1950s. State centralized investment upon which industrial growth largely depends, failed to increase as planned in 1965, and the rise projected for 1966 continues to favor agriculture at the expense of industry.

Within industry the rate of increase in the production of consumer goods approached that of capital goods for the first time in recent Soviet history. This reflected the availability of ample supplies of agricultural raw materials for the light and food industries following the good 1964 harvest as well as the regime's policy to foster production in these traditionally low priority sectors. Although the data on selected consumer goods show impressive percentage growth, the absolute amounts produced still remain far below effective demand.

Agricultural production is claimed to have increased last year by a meager one percent, a rate of growth that failed to match the rate of population increase. Soviet figures indicate that total grain production declined 21 percent to 120.5 million metric tons (MMT), whereas US intelligence estimates that the grain crop fell by twenty million metric tons to 100 MMT. Soviet statistics have consistently overstated grain production since 1958. The output of animal products increased enough to keep the official over-all figure positive.

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Data on urban living standards indicate a continuation of previous trends. The average wages of salaried workers grew by 5.5 percent--the greatest in a decade--largely as a result of the 1964 wage reform for service workers.

The construction of new housing fell well below both the 1965 plan and the 1959-64 annual average. The 19 percent rise in savings deposits underlines the growing problems resulting from increasing purchasing power while consumer goods and services remain insufficient.

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Brazil: President Castello Branco apparently is willing under certain conditions to accept War Minister Costa e Silva as the government's candidate in this year's presidential election. Castello Branco reportedly insists that Costa e Silva agree to continue present government policies, particularly the economic programs and secondly, that his replacement as war minister be someone able to keep the armed forces united behind the administration. The President has had some reservations about having Costa e Silva as a successor, and he has not yet closed the door to additional candidates.

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Panama: Former president Arnulfo Arias again has served notice that he will attempt to prevent ratification of any new canal treaty the Robles government negotiates with the US. He and his supporters said on 3 February that any compact arrived at by the "oligarchic minority" government of Robles would be another source of friction with the US and would not be accepted by the Panamanians. Arias, leader of his country's largest political party, is a demagogue whose influence could prove decisive in the fate of a draft treaty. President Robles, with a bare majority in the unicameral

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National Assembly, soon may make several cabinet changes to strengthen his hand.

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South Korea: President Pak hopes his tour of Southeast Asia, beginning Monday, will boost his role in Far Eastern affairs and help his re-election in 1967. He will seek support for Korean participation in any negotiations on Vietnam and promote an Asian foreign ministers' conference in Seoul next June. His prospects for success have been dampened somewhat by Manila's refusal to receive him, but he still expects to visit Kuala Lumpur, Bangkok, Hong Kong, and Taipei.

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*Belgium: Prime Minister Harmel's Catholic-Socialist coalition government offered its resignation on 4 February in a dispute over socialized medicine. Belgium's doctors, apparently hoping they would be more successful in negotiating with a caretaker government, announced yesterday they will cancel their strike planned for 6 February if the resignation is accepted by the King. Leaders of the major parties are likely to prefer seeking a new coalition to holding elections at this time.

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